

## Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 /026 W

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R 222155Z JAN 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 3599

C O N F I D E N T I A L SECTION 1 OF 2 LIMA 0590

EXDIS

EO 11652: GDS

TAGS: PFOR, OAS, PE

SUBJECT: AMBASSADOR MAILLIARD'S MEETING WITH FOREIGN MINISTRY  
OFFICIALS.

SUMMARY: AMBASSADOR MAILLIARD MET WITH PERUVIAN FOREIGN MINISTRY  
OFFICIALS MORNING JANUARY 21. GROUP DISCUSSED OAS RE-STRUCTURING.  
TRADE REFORM ACT, AND CUBA AND THE OAS. PERUVIANS HINTED THAT  
PROGRESS SATISFACTORY TO THEM ON THESE ISSUES WAS A PREREQUISITE  
TO THEIR ATTENDANCE AT BUENOS AIRES MFM. MAILLIARD SET FORTH  
PRACTICAL CONSIDERATIONS WHICH WOULD IMPEDE PROGRESS IN SHORT  
TERM ON THESE ISSUES, AND SOUGHT TO ENHANCE GOP UNDERSTANDING OF  
TRA AND U.S. POLITIACL PROCESS. END SUMMARY

1. U.S. AMBASSADOR TO THE OAS MAILLIARD, ACCOMPANIED BY CHARGE,  
AMBASSADOR'S AIDE TAYLOR AND EMBOFFS MET MORNING JANUARY 21 WITH  
GROUP OF PERUVIAN FOREIGN MINISTRY OFFICIALS HEADED BY SECRETARY  
GENERAL GARCIA BEDOYA. NOTING THAT GARCIA BEDOYA IS CHAIRMAN OF  
THE SPECIAL COMMITTEE ON RE-STRUCTURING THE OAS, MAILLIARD LED  
OFF BY NOTING THAT THERE HAVE BEEN DELAYS IN THE WORK OF THE  
SPECIAL COMMITTEE, AND THAT ONLY THREE WEEKS REMAIN BEFORE COM-  
MITTEE MUST SUBMIT ITS REPORT. HE SUGGESTED CONCENTRATING ON RIO  
TREATY REVISION AND A FEW OTHER REALIZABLE OBJECTIVES IN THE SHORT  
TIME LEFT.

2. GARCIA BEDOYA OBSERVED THAT THE SPECIAL COMMITTEE HAS MADE  
PROGRESS. HE HOPED THE U.S. WOULD NOW CONCENTRATE ON THE DRAFT  
AGREEMENTS ON COLLECTIVE ECONOMIC SECURITY AND COOPERATION FOR  
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DEVELOPMENT. THE SPECIAL COMMITTEE HAS BEEN TRYING TO COME UP

WITH FORMULAS THE U.S. CAN AGREE WITH, AND U.S. UNDERSTANDING AND SUPPORT IS MOST IMPORTANT. MAILLIARD RESPONDED THAT THE U.S. HAS DIFFICULTIES WITH THE COLLECTIVE ECONOMIC SECURITY CONCEPT, WHICH FURTHERMORE TENDS TO BECOME CONFUSED WITH CHARTER REVISIONS RE COOPERATION FOR DEVELOPMENT. MAILLIARD RECALLED THAT SECRETARY KISSINGER AGREED IN PRINCIPLE TO SEEKING A MECHANISM TO ATTEMPT TO ASSURE COLLECTIVE ECONOMIC SECURITY, BUT NEVER AGREED TO PUTTING THIS IN TREATY FORM. MOREOVER, A TREATY WOULD REQUIRE APPROVAL BY TWO-THIRDS OF THE U.S. SENATE, AND OUR EXPERIENCE WITH THE TRADE REFORM ACT DOES NOT ENCOURAGE US TO TAKE THIS ROUTE.

3. MAILLIARD SAID HE SEES NO POSSIBILITY OF U.S. AGREEMENT TO THE DRAFT CONVENTIONS THE WORKING GROUP HAD PREPARED, AND THE QUESTION IS WHERE WE ARE TO GO FROM HERE. GARCIA BEDOYA OBSERVED THAT THE SPECIAL COMMITTEE COULD OF COURSE PUT THE CONVENTIONS TO A VOTE. MAILLIARD SAID THE U.S. WOULD NOT SIGN AN INSTRUMENT WHICH THE EXECUTIVE KNEW THE CONGRESS WOULD NOT APPROVE. THEREFORE, THE CHOICE BEFORE CERTAIN OAS MEMBERS IS WHETHER TO SEEK TO GO AS FAR AS PRESENTLY POSSIBLE IN THE ECONOMIC FIELD, OR TO PRESS FOR A CONFRONTATION WITH THE U.S.

4. MAILLIARD THEN SUGGESTED THAT THE U.S. AND OTHERS ARE NOT SO FAR APART ON OBJECTIVES. THE U.S. CAN SUPPORT SOME MECHANISM FOR GREATER CONSULTATIONS AND EFFORTS TO ADJUST POLICIES TO MEET THE CONCERNS OF OTHERS. WE SUGGESTED A MECHANISM FOR DETERMINING THE FACTS WHEN CONTROVERSIES AROSE. HOWEVER, THE U.S. WOULD NOT AGREE TO THE PROPOSAL (BASICALLY THAT OF PERU) TO ESTABLISH FORMAL MACHINERY TO ALLOW A MAJORITY VOTE FOR SANCTIONS AND INDEMNITIES IF ONE OR MORE LA COUNTRIES CLAIMED ECONOMIC COERCION BY THE U.S. GARCIA BEDOYA SAID HE HAD HEARD A PROPOSAL TO DROP THE COMPENSATION COUNCIL IDEA, AND HE WOULD LOOK INTO THIS. UNDER SECRETARY FOR POLICY PLANNING MARIATEGUI ASKED WHETHER THE U.S. WOULD PRESENT TEXTS OF PROPOSED ECONOMIC PROVISIONS FOR INCORPORATION IN THE CHARTER. MAILLIARD SAID THE U.S. WOULD BE PREPARED TO DO THIS, BUT THE SUBCOMMITTEE ON CHARTER REVISION HAS NOT REALLY BEEN IN OPERATION. HE ALSO MENTIONED U.S. INTEREST IN PANAMANIAN, BRAZILIAN AND URUGUAYAN PROPOSALS FOR CHARTER REVISIONS.

5. UNDER SECRETARY FOR POLITICAL AFFAIRS MARCHAND NOTED THAT THE U.S. WAS WORRIED ABOUT THE POSSIBILITY OF HAVING ECONOMIC SANCTIONS VOTED AGAINST IT. MAILLIARD POINTED OUT THAT THE U.S. IS NOT ALONE; SOME LA COUNTRIES ARE BECOMING ECONOMICALLY POWERFUL AND MAY BE CONCERNED ABOUT SANCTIONS AGAINST THEMSELVES IN COMING YEARS. MARCHAND CONTINUED TO BELIEVE THAT, IN ADDITION TO ACCEPTING PRINCIPLES THERE SHOULD BE A MECHANISM TO ACT AND SEEK PRACTICAL REMEDIES IF THOSE PRINCIPLES ARE VIOLATED. MAILLIARD CAUTIONED AGAINST PUTTING THE U.S. IN THE POSITION OF ACCEPTING ALL OR NOTHING. IT IS BETTER TO DO WHAT WE CAN NOW AND RETURN TO

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THE QUESTION AGAIN LATER.

6. TURNING TO THE TRADE REFORM ACT, MAILLIARD REVIEWED THE LEGISLATURE'S CONSTITUTIONAL POWERS TO REGULATE FOREIGN TRADE. SINCE THE TIME THE PRESIDENT'S PREVIOUS MANDATE EXPIRED IN 1967, THE EXECUTIVE BRANCH HAS NOT BEEN ABLE TO NEGOTIATE ON TRADE MATTERS. SO WHEN THE PRESIDENT RECEIVED A BILL CONTAINING THE AUTHORIZATION HE REQUIRED HE ACCEPTED AND SIGNED IT EVEN THOUGH THE BILL CONTAINED PROVISIONS HE DID NOT LIKE. UNDER SECRETARY FOR ECONOMIC AND INTEGRATION AFFAIRS DE LA PUENTE POINTED OUT THAT THE GOP WAS SPECIFICALLY AGAINST THE TRA PROVISIONS AIMED AT FREE ASSOCIATIONS IN DEFENSE OF RAW MATERIAL PRICES. WHILE THE PRESENT EFFECT OF THESE PROVISIONS MIGHT BE SMALL AS REGARDS LATIN AMERICA, THEIR POTENTIAL EFFECT COULD BE GREAT ON BANANA, COFFEE AND COPPER PRODUCERS. GARCIA BEDOYA SAID THE FACT THAT ARTICLE 5 OF THE TRA EXISTS DISTORTS U.S.-LA RELATIONS. HE RECOMMENDED THAT CONGRESSIONAL ATTEMPTS TO LEGISLATE AGAINST PRODUCER GROUPS SHOULD BE "KILLED AT THE ROOTS". MAILLIARD WENT OVER IN DETAIL THE FAVORABLE PROVISIONS OF THE TRA AND THE POTENTIAL BENEFITS TO LATIN AMERICA OF NEW TRADE NEGOTIATIONS IN GENEVA.

7. AS TO THE SCHEDULED BUENOS AIRES MFM, GARCIA BEDOYA NOTED THAT ONE NEEDED TO AWAIT THE OUTCOME OF THE OAS COUNCIL

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC 3600

C O N F I D E N T I A L SECTION 2 OF 2 LIMA 0590

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DISCUSSION ON THE TRQ, AND INQUIRED ABOUT THE PROSPECTS FOR ACTUALLY HOLDING THE BUENOS AIRES MEETING AND ABOUT ITS AGENDA. MAILLIARD NOTED THAT THE BUENOS AIRES MEETING, PROPOSED UNDER THE "NEW DIALOGUE FORMAT, WOULD ALLOW MINISTERS TO SPEAK ABOUT THE

SUBJECTS OF INTEREST TO THEM. REGARDLESS OF WHAT HAPPENS IN THE COUNCIL MEETING, SOME MINISTERS WOULD PROBABLY WANT TO DISCUSS THE TRA. AFTER THE QUITO MEETING RESULTS, SOME WOULD PROBABLY WANT TO TALK ABOUT OAS SANCTIONS AGAINST CUBA, WHETHER THE SUBJECT WERE ON THE AGENDA OR NOT. GARCIA BEDOYA THOUGHT THE PSYCHOLOGICAL

CONDITIONS FOR CONTINUING THE NEW DIALOGUE AT BUENOS AIRES WOULD BE IMPROVED IF THE U.S. MADE SOME CHANGES IN THE TRA. HE ASKED ABOUT THE PROSPECTS FOR AMENDMENTS TO THIS LAW. MAILLIARD SAID HE DOES NOT THINK IT POSSIBLE FOR CONGRESS TO ACT SO RAPIDLY, BUT IT MIGHT BE FEASIBLE BY MARCH TO OBTAIN SOME INDICATION OF CONGRESSIONAL INTENTION TO ACT.

8. MARCHAND SUGGESTED THAT THE NEW DIALOGUE CONSTITUTES A CONSTRUCTIVE ATTEMPT TO RESTORE THE CONFIDENCE THAT HAS DETERIORATED IN U.S.-LA RELATIONS. HOWEVER, THE CONTENT OF THE NEW DIALOGUE IS TIED TO THE QUESTION OF RE-STRUCTURING THE OAS. SUCCESS OF THE NEW DIALOGUE WOULD ALSO DEPEND UPON "RESTORING THE COVERAGE" OF THE OAS. IN THE CASE OF CUBA, POSSIBLE IT COULD TAKE PART IN INFORMAL MEETINGS UNDER THE NEW DIALOGUE. MARCHAND INDICATED IT WOULD BE DIFFICULT TO GO TO BUENOS AIRES UNLESS THERE IS PRIOR AGREEMENT ON SOME MEASURES TO SATISFY LATIN AMERICA: OAS RE-STRUCTURING, THE TRA, AND THE HEMISPHERE'S RELATIONS WITH CUBA. GARCIA BEDOYA AGREED ON THE NEED FOR PROGRESS IN THESE THREE KEY

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AREAS. MAILLIARD REPLIED THAT THE U.S. APPRECIATES THE NEED FOR PROGRESS IN VARIOUS FIELDS OF INTEREST TO OAS MEMBERS. THE FACT IS, HOWEVER, THAT SINCE THE INCEPTION OF THE NEW DIALOGUE IN OCTOBER 1973 THE U.S. HAS UNDERGONE A PERIOD OF SEVERE INTERNAL POLITICAL AND ECONOMIC STRAIN. THE EFFECTS ARE STILL WITH US, AND THE ADMINISTRATION SIMPLY DOES NOT YET KNOW HOW FAR IT WILL BE POSSIBLE TO GO. POLITICAL SITUATION IN THE U.S. HAS CHANGED, AND NO DOUBT WILL CONTINUE TO CHANGE, BUT IN THE MEANTIME THE U.S. AND LA MUST FIND A WAY TO MEET AND SOLVE SOME PROBLEMS WHILE LEAVING OTHERS FOR LATER.

9. AS TO CUBA, MAILLIARD SAID THERE HAS BEEN A SUGGESTION THAT THE BUENOS AIRES MFM MIGHT ADDRESS THE PROBLEM BY NOTING THAT OAS MEMBERS ARE PLANNING TO CHANGE THE PRESENT TWO-THIRDS VOTING REQUIREMENT TO A SIMPLE MAJORITY AND ASKING THE COUNCIL TO FIND A WAY TO APPLY THE SIMPLE MAJORITY PRINCIPLE IN THE CASE OF OAS SANCTIONS AGAINST CUBA. SUCH A MINISTERIAL RESOLUTION WOULD ALLOW SOME COUNTRIES TO RATIONALIZE LIFTING THE SANCTIONS AND THEREBY PRODUCE THE REQUIRED NUMBER OF VOTES. GARCIA BEDOYA SHOWED SOME INTEREST IN THIS IDEA AND THOUGHT AN ORGAN OF CONSULTATION MEETING IN MAY MIGHT SERVE TO LIFT THE SANCTIONS.

10. GARCIA BEDOYA CLOSED BY THANKING MAILLIARD FOR HIS VISIT AND AGAIN EXPRESSED HOPE FOR PROGRESS BEFORE BUENOS AIRES IN THE

AREAS OF PARTICULAR CONCERN TO THE GOP.

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